

MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN
LABOUR MARKET FOR THE YEAR ENDING
2017 QUARTER 2

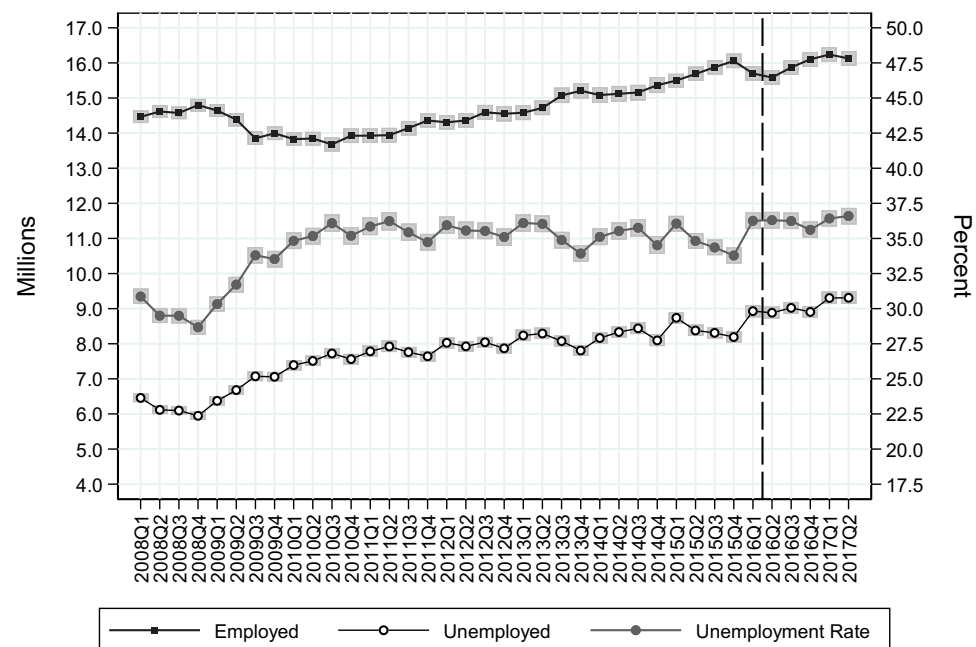
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RECENT LABOUR MARKET TRENDS

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: Own calculations, Statistics South Africa (various years).

- Notes:
1. The expanded definition of unemployment is utilised here.
 2. Shaded bands represent the 95 percent confidence intervals around the estimates.
 3. The dotted vertical line represents the introduction of the 2013 Master Sample.
 4. See appendix for further details of estimates.

South Africa's output growth continues to be sluggish in 2017Q2, further raising concerns that the economy is lodged in a low growth trap. Year-on-year real GDP growth was only 0.6 percent between 2016Q2 and 2017Q2 (own calculations, SARB 2017). Prior to that, year-on-year GDP growth has been steadily declining from the 2011Q2 high point of 3.76 percent. Annual real GDP per capita follows a similar pattern. Growth plummeted from 1.8 percent in 2008 to -2.7 percent in 2009 following the global financial crisis. A brief recovery resulted in a growth rate of 2.1 percent in 2011. Subsequent to this, however, growth has consistently declined, with the economy contracting by 1.1 percent in 2016 (own calculations, SARB 2017).

Employment levels were significantly affected by the global financial crisis. Before the crises, in 2008Q1, 14.5 million people were employed (Figure 1), increasing to 14.8 million in 2008Q4. Employment then declined by almost a million to 13.9 million in 2009Q3 and remained stable at this low level until 2011Q2. Between 2011Q2-2015Q4, employment gradually increased to 16.1 million. The level then dipped again briefly, reaching a low of 15.6 million in 2016Q2, but regained ground in 2017Q2 when employment was back to 16.1 million.

There were 6.1 million unemployed people in 2008Q2, and this number grew by 1.8 million to reach almost 8 million in 2011Q2. Unemployment remained steady for the next year but then increased by 4.6 percent in 2013 and continued to rise, reaching 9.3 million in 2017Q2.

The South African labour market is characterised by persistently high unemployment rates compared to other emerging markets (StatsSA, 2013). The unemployment rate has been rising gradually and is estimated at 36.6 percent in 2017Q2.

A LABOUR MARKET OVERVIEW

The South African working age population has been gradually increasing year-on-year from 2015Q2 to 2017Q2 (Table 1). In 2017Q2, the working age population marginally increased by 1.7 percent from 12-months earlier. During the same quarter, employment stood at 16.1 million, which was 3.5 percent higher than a year earlier – a statistically significant change.

Both the narrow and the broad labour force grew more rapidly than employment, leading to an increase in unemployment. The narrow and the broad labour force grew by 5.1 and 4.0 percent between 2016Q2 and 2017Q2, respectively, which outweighed promising employment growth of 3.5 percent. Consequently, unemployment expanded by 9.6 and 4.8 percent in narrow and broad terms, respectively, in the same period. In the most recent quarter, the number of discouraged workseekers (i.e. the non-searching unemployed) stood at 3.1 million, which was 3.6 percent lower than 12-months earlier. This might indicate the improved perception of the labour market conditions. Virtually all changes reported are statistically significant.

In 2017Q2, the labour force participation rate had increased statistically significantly over the previous year. Of the working age population, three-fifths were part of the narrow labour force (59.5 percent), while more than two-thirds were part of the expanded labour force (67.9 percent). In 2017Q2, narrow unemployment rate was 27.7 percent, a 4.3 percent increase from a year earlier. The broad unemployment rate reached 36.6 percent although this was not a statistically significant change from a year earlier.

The South African working age population is predominantly located in the urban areas of South Africa. Table 2 divides the labour market by urban and non-urban areas. In 2017Q2, two-thirds of the working age population were living in urban areas (66.7 percent). Over the 12 months, the working age population in non-urban areas remained virtually unchanged compared to a 2.4 percent expansion of the working age population in urban areas.

Table 1: Labour Market Overview

	2015 Quarter 2	2016 Quarter 2	2017 Quarter 2	Change ('16-'17)	
				Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	36 224	36 875	37 485	610	1.7 *
Employment	15 685	15 585	16 127	542	3.5 *
Narrow Unemployment	5 231	5 635	6 177	543	9.6 *
Narrow Labour Force	20 917	21 220	22 304	1 084	5.1 *
Expanded Unemployment	8 380	8 883	9 309	426	4.8 *
Expanded Labour Force	24 065	24 468	25 435	967	4.0 *
Discouraged Workseekers	3 148	3 249	3 131	-117	-3.6
Labour Force Participation Rate (Percent)					
Narrow LFPR	57.7	57.5	59.5	2.0	3.4 *
Expanded LFPR	66.4	66.4	67.9	1.5	2.3 *
Unemployment Rate (Percent)					
Narrow Unemployment Rate	25.0	26.6	27.7	1.1	4.3 †
Expanded Unemployment Rate	34.8	36.3	36.6	0.3	0.8

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. The working age population consists of those aged 15 years to 65 years inclusive.

Table 2: Labour Market Overview by Geography

	2015	2016	2017	Change ('16-'17)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Quarter 2
Urban Areas (Thousands)					
Working Age Population	24 000	24 401	24 998	597	2.4 *
Employment	11 837	11 746	12 173	426	3.6 *
Expanded Unemployment	5 263	5 502	5 821	319	5.8 *
Expanded Labour Force	17 099	17 249	17 993	745	4.3 *
Discouraged Workseekers	1 359	1 304	1 335	31	2.4
Participation Rate (Percent)	71.2	70.7	72.0	1.3	1.8 *
Unemployment Rate (Percent)	30.8	31.9	32.3	0.5	1.4
Non-Urban Areas (Thousands)					
Working Age Population	12 224	12 474	12 487	13	0.1
Employment	3 849	3 839	3 954	115	3.0
Expanded Unemployment	3 117	3 381	3 488	107	3.2
Expanded Labour Force	6 966	7 220	7 442	222	3.1
Discouraged Workseekers	1 789	1 944	1 796	-148	-7.6 †
Participation Rate (Percent)	57.0	57.9	59.6	1.7	3.0 *
Unemployment Rate (Percent)	44.7	46.8	46.9	0.0	0.1

Source: Own calculations, Statistics South Africa 2015, 2016, 2017).

- Notes:
1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
 2. The expanded definition of unemployment is utilised here. Unemployment and participation rates are calculated using this definition.
 3. The 2014Q4 designation for "urban areas" includes geographical categories "Urban formal" and "Urban informal". The designation for "non-urban areas" includes "Tribal areas" and "Rural formal" by Statistics South Africa definition.
 4. The 2015Q4 and 2016Q4 designation for "rural areas" includes Statistics South Africa's current geographical categories of "Traditional" rural areas, "Farms", and "Mining" areas.

Urban areas offer more employment opportunities than non-urban areas and employment levels in urban areas increased by 426 000 to reach 12.2 million over the 2016Q2-2017Q2 period. The urban labour force participation rate was 72.0 percent, marginally up by 1.8 percent from a year earlier. In 2017Q2, the expanded unemployment level was estimated at 5.8 million; including 1.3 million discouraged workseekers. Although employment grew by 3.6 percent in urban areas, this has not resulted in a decrease in the unemployment rate. In 2017Q2, the unemployment rate was 32.3 percent, which represents a 1.4 percent increase from the year earlier. All changes were statistically significant except for the change in the unemployment rate.

The labour market in non-urban areas fares less well. In 2017Q2, about a quarter of total jobs in the country were located in non-urban areas (24.5 percent or 4.0 million). In 2017Q2, labour force participation was 59.6 percent, 1.7 percentage points higher than 12-months earlier. Unemployment is extremely high at 46.9 percent – 10.3 percentage points higher than the national unemployment rate. The number of discouraged workseekers is 1.8 million, a substantial decrease by 7.6 percent from a year earlier. This might suggest improved perceptions of non-urban labour market conditions. These changes were statistically significant.

The table reveals that great disparities in the labour market conditions between urban and non-urban areas remain. In 2017Q2, the labour force participation rate was substantially higher in urban areas (72.0 percent compared with 59.6 percent). However, the non-urban labour force participation rate did increase by 3.0 percent from a year earlier, nearly twice the rate of increase for urban participation rate (1.8 percent). In 2017Q2, the unemployment rate in non-urban areas was 14.7 percentage points higher than the rate in urban areas. This highlights the lack of economic opportunities in non-urban areas.

LABOUR FORCE PARTICIPATION

Table 3: Labour Force Participation Rates

Percent/Percentage Points	2015	2016	2017	Change ('16-'17)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
Overall LFPR	66.4	66.4	67.9	1.5	2.3 *
By Race					
African	66.3	66.4	67.9	1.5	2.2 *
Coloured	67.6	65.9	68.0	2.1	3.1
Asian	61.6	60.8	65.3	4.5	7.5
White	67.6	68.3	68.3	0.0	0.1
By Gender					
Male	71.8	72.2	73.3	1.1	1.5
Female	61.2	60.7	62.6	1.9	3.1 *
By Age Group					
15 to 24 year olds	35.5	35.4	36.5	1.2	3.3
25 to 34 year olds	86.1	85.0	85.8	0.8	0.9
35 to 44 year olds	87.1	86.6	88.6	2.0	2.3 *
45 to 54 year olds	77.5	79.1	80.6	1.5	1.9
55 to 65 year olds	44.5	44.5	46.1	1.6	3.6
By Educational Attainment					
Primary or less	55.4	55.0	56.4	1.5	2.7
Incomplete secondary	58.4	58.3	59.9	1.6	2.7 *
Complete secondary	76.5	76.6	77.2	0.6	0.8
Diploma/Certificate	88.3	89.5	88.5	-1.0	-1.1
Degree	90.7	88.2	89.7	1.5	1.7

Source: Own calculations, Statistics South Africa ((2015, 2016, 2017).

- Notes: 1. The expanded definition of unemployment is utilised here in defining the labour force.
 2. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

Looking at labour force participation rates, the rate for Sub-Saharan Africa overall stood at 70.3 percent in 2016 (Bhorat et al., 2017). South Africa's rate of 67.9 percent in 2017Q2 is therefore slightly below the regional average (Table 3), although it did increase by 1.5 percentage points over the 12-month period.

In 2017Q2, the participation rate was the highest for Whites (68.3 percent), followed by Coloureds (68.0 percent), Africans (67.9 percent) and lowest for Asians (65.3 percent). The only population group that increased their participation rate by a statistically significant margin was Africans with a 1.5 percentage point increase. Female labour force participation in South Africa has increased substantially since the mid-90s (Lim, 2004). Over the year to 2017Q2, female participation increased twice as fast as male participation. Despite this, women still fare poorly relative to their male counterparts in terms of participation. In 2017Q2, participation rates were substantially higher for men (73.3 percent) than for women (62.6 percent).

The youngest and oldest age cohorts were least likely to be economically active. In 2017Q2, the participation rate was 36.5 percent for 15-24 year olds and 46.1 percent for 55-65 year olds. This is in part due to a large portion of the youngest age cohort being enrolled in education and the oldest cohort likely to exit the labour force as they reach retirement. More than four-fifths of the 25-54 year olds are economically active. Participation rates are also positively related to education levels. In 2017Q2, the participation rates for those without matric were below 60 percent. That said, those with incomplete secondary education were the only education group to experience a statistically significant increase their participation rates (by 2.7 percent). Close to 80 percent of matriculants and 90 percent of those with post-secondary qualifications were economically active in 2017Q2.

South African employment levels by race, gender, age group and education attainment are presented in Table 4. Employment increased from 15.6 million in 2016Q2 to 16.1 million in 2017Q2 over the period.

Africans account for three-quarters (74.7 percent) of total employment in 2017Q2, and were the only group to see a statistically significant increase during the 12-month period. They are followed by Whites (12.0 percent) and Coloureds (10.1 percent). Women account for 44.0 percent of employment, and total female employment grew by a statistically significant 4.7 percent over the 12 months.

There is an inverted-U shaped relationship between employment level and age. Employment for the 15-24 year old cohort accounted for the smallest share of total employment (7.6 percent); the next age cohort (25-34 year olds) came in at 30.4 percent of total employment, representing a jump of more than 20 percentage points. The cohort making up the largest share of total employment is 34-44 year olds (31.3 percent). The share of employment then begins to drop by age cohort. The 45-54 year old cohort make up about ten percentage points less than the prime-aged group (21.2 percent). Finally, the oldest age cohort only make up 9.5 percent of total employment.

Approximately 45 percent of the employed in 2017Q2 have not completed secondary education. Approximately 2.0 million workers (12.4 percent) have only primary or less education, while 5.2 million (32.5 percent) have incomplete secondary education. As >>>

EMPLOYMENT TRENDS

Table 4: Employment Trends

	2015	2016	2017	Change ('16-'17)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000s) (percent)	Absolute (‘000s)	Relative (percent)
Overall Employment	15 685	15 585	16 127	542	3.5 *
By Race					
African	11 643	11 524	12 041	517	4.5 *
Coloured	1 614	1 612	1 631	20	1.2
Asian	489	506	526	20	3.9
White	1 939	1 943	1 929	-15	-0.8
By Gender					
Male	8 815	8 813	9 034	221	2.5
Female	6 871	6 772	7 093	320	4.7 *
By Age Group					
15 to 24 year olds	1 350	1 229	1 226	-3	-0.3
25 to 34 year olds	4 936	4 824	4 907	83	1.7
35 to 44 year olds	4 874	4 815	5 040	225	4.7
45 to 54 year olds	3 115	3 279	3 420	141	4.3
55 to 65 year olds	1 410	1 437	1 533	96	6.7
By Educational Attainment					
Primary or less	2 237	2 150	2 007	-143	-6.6 †
Incomplete secondary	5 129	5 060	5 233	173	3.4
Complete secondary	4 893	5 008	5 204	196	3.9
Diploma/Certificate	1 640	1 617	1 694	78	4.8
Degree	1 591	1 560	1 804	244	15.6 *

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. Education category numbers do not add up to total employment due to unspecified or no responses.

educational attainment improves generally, the group with only primary education has seen its share of employment (and its absolute level of employment) fall over time. At the same time, almost one-third of workers have complete secondary education (32.2 percent), while 10.5 percent have a diploma or certificate, and 11.2 percent have tertiary education. The number of employed individuals with degrees is estimated to have risen by 244 000 or 15.6 percent over the 12-month period, a very large increase for such a short period of time.

The increase in total employment over the 12-month period to 2017Q2 is disaggregated by demographic characteristics in Table 5. Africans account almost exclusively for the full net increase, or 95.5 percent of the total increase of 542 000 jobs. Close to three-fifths of the employment increase accrued to women (59.1 percent), which is far in excess of their employment share and indicates solid gains in employment. Both of these changes are statistically significant.

According to the data, employment increases over the 12 months accrued predominantly to the prime working age cohorts (35-54 year olds): these cohorts account for more than two-thirds of employment growth (67.6 percent), which is actually a significantly smaller proportion than their share of total employment. With employment contracting for the youngest age cohort (-0.6 percent share of the total change), this indicates that the 55-65 year old cohort has benefited disproportionately from expanding employment over the year.

In terms of educational attainment, those with degrees account for almost half (45.0 percent) of growth in employment over the period. They are followed by those with completed secondary (36.2 percent) and incomplete secondary education (32.0 percent). In contrast, relatively large contractions are observed for those with primary or less education (26.4 percent of net job losses).

Table 5: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Employment	542
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	95.5 *
Coloured	3.6
Asian	3.6
White	-2.7
By Gender	
Male	40.9
Female	59.1 *
By Age Group	
15 to 24 year olds	-0.6
25 to 34 year olds	15.3
35 to 44 year olds	41.5
45 to 54 year olds	26.1
55 to 65 year olds	17.7
By Educational Attainment	
Primary or less	-26.4 †
Secondary not completed	32.0
Secondary completed	36.2
Diploma or Certificate	14.3
Degree	45.0 *

Source: Own calculations, Statistics South Africa (2016, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

SECTORAL EMPLOYMENT TRENDS

Table 6: Employment Trends by Industry

	2015	2016	2017 Quarter 2		Change ('16-'17)	
	Quarter 2 (<i>'000s</i>)	Quarter 2 (<i>'000s</i>)	Total (<i>'000s</i>)	Share (%)	Absolute (<i>'000s</i>)	Relative (%)
Overall Employment	15 685	15 585	16 127	100.0	542	3.5 *
Agriculture, forestry & fishing	870	827	835	5.2	8	1.0
Mining & quarrying	446	447	434	2.7	-13	-3.0
Primary Sector	1 316	1 275	1 269	7.9	-5	-0.4
Manufacturing	1 761	1 714	1 801	11.2	88	5.1
Electricity, gas & water	136	112	148	0.9	35	31.5
Construction	1 402	1 392	1 399	8.7	7	0.5
Secondary Sector	3 299	3 218	3 348	20.8	130	4.0
Wholesale & retail trade	3 125	3 145	3 270	20.3	125	4.0
Transport, storage & communication	924	864	955	5.9	91	10.6
Financial & business services	2 166	2 224	2 401	14.9	177	8.0 †
Community, social & personal (CSP) services	3 556	3 557	3 565	22.1	8	0.2
Private households	1 295	1 299	1 315	8.2	16	1.3
Tertiary Sector	11 066	11 088	11 507	71.4	418	3.8 †

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

- Notes: 1. The expanded definition of unemployment is utilised here in defining the labour force.
 2. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

The tertiary sector is the largest employment sector in South Africa (Table 6). In 2017Q2, 71.4 percent of the employed, or 11.5 million people, worked in the tertiary sector. Over the preceding 12 months, employment in the sector increased by 3.8 percent, slightly more rapidly than the overall rate of increase. Around one-fifth of the employed work in the secondary sector (20.8 percent), while the primary sector accounts for 7.9 percent of employment. Employment in the secondary sector is estimated to have risen by 130 000, or 4.0 percent, although this change is not statistically significant. In the primary sector, though, employment has remained virtually unchanged over the period.

At a more disaggregated level, four industries to dominate South African employment. These are community, social and personal (CSP) services (22.1 percent of total employment); wholesale and retail trade (20.3 percent); financial and business services (14.9 percent); and manufacturing (11.2 percent). Together, these four industries account for more than two-thirds of total employment (68.5 percent). These industries are followed by construction (8.7 percent) and private households (8.2 percent), with the latter consisting primarily of domestic workers.

The data indicate that financial and business services was the only sector to experience a statistically significant increase in employment, 8.0 percent up from 12-months earlier. This represents an increase in employment of almost 180 000. In contrast, employment contracted by 3.0 percent from a year earlier in the mining and quarrying industry; this change is, however, not statistically significant.

South African employment is dominated by the non-agricultural sector (Table 7). In 2017Q1, approximately seven out of eight jobs nationally are found in the non-agricultural sector (86.7 percent), while agriculture and private households combined account for just over one out of eight jobs (13.4 percent). Non-agricultural employment increased relatively rapidly by 3.8 percent from a year earlier as the employment shift out of agriculture continues.

The South African labour market is predominantly a formal one. In 2017Q2, formal sector employment accounts for three-quarters of total employment (74.0 percent), while only 17.9 percent of the employed are in the informal sector. This makes South Africa something of an outlier when compared to its peers in that it has a relatively small proportion of total employment in the informal sector. Together, these two patterns mean that close to seven out of ten jobs are within the formal non-agricultural sector, while just under two out of ten are located within the informal non-agricultural sector.

In the year to 2017Q2, employment within the informal non-agricultural sector increased sharply by 9.9 percent to 2.8 million. This change was statistically significant.

Figure 2 relates changes in employment to changes in output at the sectoral level. Each industry is represented by a circle, the size of which is determined by that industry's relative share of employment, with larger employment industries represented by larger circles. Points at which employment growth and output growth are the same are represented by a dotted 45-degree line. >>>

Table 7: Employment Trends by Sector

	2015	2016	2017 Quarter 2		Change ('16-'17)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	15 685	15 585	16 127	100.0	542	3.5 *
Agriculture	870	827	835	5.2	8	1.0
- Formal agriculture	758	702	722	4.5	21	2.9
- Informal agriculture	112	126	113	0.7	-13	-10.1
Non-agricultural employment	13 520	13 459	13 976	86.7	517	3.8 †
- Formal non-agricultural	10 853	10 943	11 210	69.5	267	2.4
- Informal non-agricultural	2 667	2 516	2 766	17.2	250	9.9 †
Private households	1 295	1 299	1 315	8.2	16	1.3

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

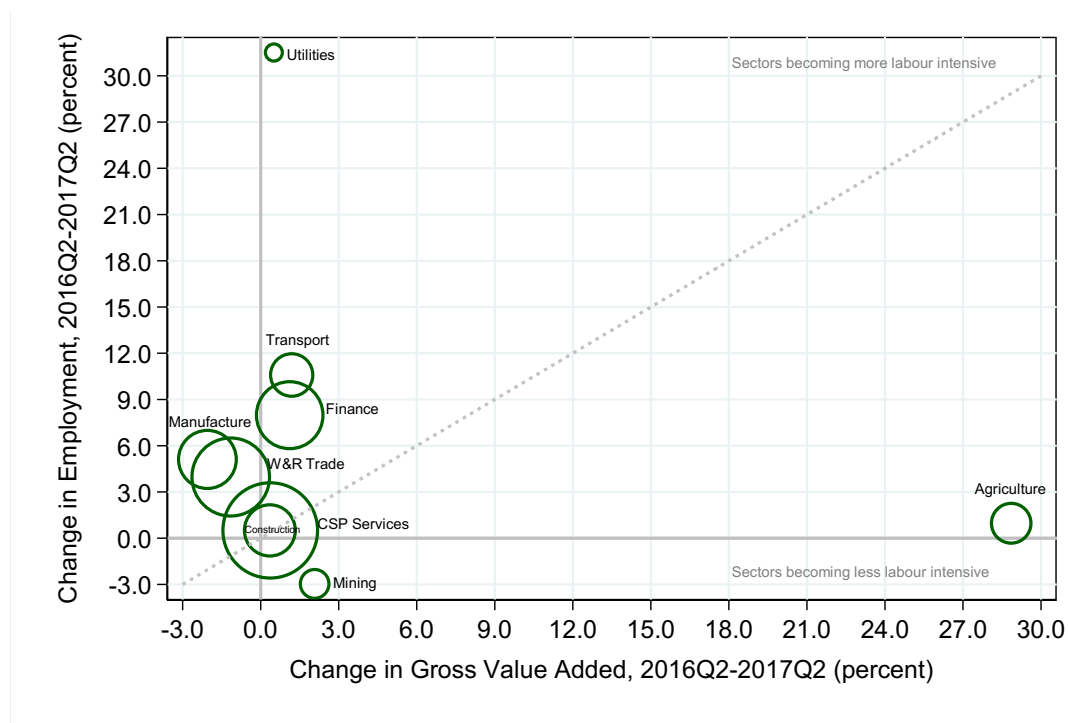
Industries located above the 45-degree line are characterised by increasing labour-intensity of production as employment grows more rapidly than output; the converse is true for industries located below the 45 degree line.

Output growth was more rapid than employment growth in the primary sectors: Output growth was positive for both mining (2.1 percent) and agriculture (28.9 percent) between 2016Q2 and 2017Q2. However, employment contracted for mining (-3.0 percent) and only increased marginally for agriculture (1.0 percent) during the period. The extremely rapid expansion of output in agriculture over the period is linked to the post-drought recovery in the summer rainfall regions, and it is therefore not entirely surprising that employment growth has not been as rapid, given that employment did not contract as rapidly as output during the drought.

Manufacturing employment growth was reasonable at 5.1 percent, however, manufacturing output growth contracted by 2.0 percent from the year before. Employment and output growth was virtually unchanged for the construction industry, with employment and output growth only increasing by 0.5 percent and 0.4 percent, respectively. Employment growth in Utilities was extremely high (31.5 percent), despite very slow expansion in output. It is important to note however, that this is a very small employment sector and the employment change is not found to be statistically significant (see Table 6).

Finally, all tertiary sector industries experienced output growth over the year, except for Wholesale and Retail (W&R) trade. Employment growth also expanded for all tertiary sectors industries: W&R trade (4.0 percent), CSP services (0.5 percent), finance (8.0 percent) and transport (10.6 percent). Those industries in the figure that lie above the 45-degree line and experienced positive growth are evidence show a greater labour intensity.

Figure 2: Employment Trends by Industry



Source: Own calculations, Statistics South Africa (2016, 2017).

OCCUPATIONAL EMPLOYMENT TRENDS

Table 8: Employment Trends by Occupation

	2015	2016	2017 Quarter 2		Change ('16-'17)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	15 685	15 585	16 127	100.0	542	3.5 *
Managers	1 250	1 324	1 473	9.1	148	11.2 †
Professionals	752	861	900	5.6	39	4.6
High Skilled	2 002	2 185	2 373	14.7	188	8.6 †
Technicians	1 482	1 503	1 460	9.1	-43	-2.8
Clerks	1 640	1 625	1 749	10.8	124	7.6
Service and sales workers	2 471	2 439	2 448	15.2	9	0.4
Skilled agricultural workers	99	67	58	0.4	-8	-12.3
Craft and related trades	1 923	1 892	1 971	12.2	79	4.2
Operators and assemblers	1 374	1 221	1 285	8.0	64	5.2
Skilled	8 990	8 746	8 971	55.6	225	2.6
Elementary occupations	3 685	3 639	3 733	23.1	94	2.6
Domestic workers	1 009	1 015	1 043	6.5	29	2.8
Low Skilled	4 694	4 654	4 777	29.6	123	2.6

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

More than half (55.6 percent or 9.0 million) of those employed in 2017Q2 were skilled workers (Table 8). This is almost double the number of low skilled workers (29.6 percent or 4.8 million) and nearly four times the number of high skilled workers (14.7 percent or 2.4 million). Total employment increased by 3.5 percent from a year earlier, and there is a continuing trend of high skilled occupations generally growing more rapidly. High skilled employment grew by 8.6 percent from 12-months earlier; this is more than three times the estimated growth rates for the skilled and low skilled employed.

Four occupations together accounted for more than three-fifths (61.3 percent) of total employment in 2017Q2, namely elementary occupations, service and sales workers, crafts and related trades, and clerks. Elementary occupations are the largest occupational category and account for nearly one-quarter of employment (23.1 percent). This is followed by service and sales workers (15.2 percent), crafts and related trades (12.2 percent) and clerks (10.8 percent). Technicians and managers each account for 9.1 percent of total employment.

During the year to 2017Q2, managers experienced a sharp increase in employment of 11.2 percent, equivalent to 148 000 jobs. This is the only occupational grouping that saw a statistically significant change in employment over the 12-month period.

A profile of employees is presented in Table 9 and focuses on four key employment features: contract duration, contract type, benefits and hours worked. The total number of employees is estimated at 13.7 million in 2017Q2, just over 400 000 (or 3.0 percent) more than 12 months earlier. As with total employment, this change is statistically significant.

More than three-fifths of employees (61.5 percent) had permanent contracts, 24.8 percent had contracts of unspecified duration, and 13.0 percent had limited duration contracts. The number of employees on a permanent contract increased by 3.1 percent over the year. Four out of every five employees (80.3 percent) have a written contract, while 2.6 million only have verbal contracts, leaving them in a more vulnerable position. The changes in the numbers of employees with permanent or written contracts are statistically significant.

A significant proportion of employees have access to various employment benefits. The majority have access to paid, sick and maternity/paternity leave, and have employers who contributed towards UIF on their behalf. Amongst these, access rates range from 71.4 percent for paid sick leave to 58.3 percent for paid maternity/paternity leave. Just under half of all employees have employer pension contributions (47.9 percent), and only 30.0 percent have medical aid contributions. Just over one-quarter (28.5 percent) of employees report belonging to a labour union. Across almost all of these employment benefits, the number of employees with access has increased more rapidly than the growth in total employees, the exception being UIF contributions. >>>

EMPLOYMENT CHARACTERISTICS

Table 9: Employment Characteristics

	2015	2016	2017	Share	Change ('16-'17)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000)		(%)	Absolute (‘000s)
Total Employees	13 502	13 319	13 721	100.0	401	3.0 *
Contract Duration						
Limited	1 983	1 776	1 789	13.0	13	0.7
Permanent	8 195	8 182	8 437	61.5	255	3.1 *
Unspecified duration	3 223	3 290	3 407	24.8	117	3.6
Contract Type						
Written	10 627	10 595	11 016	80.3	422	4.0 *
Verbal	2 774	2 653	2 617	19.1	-36	-1.4
Benefits						
Medical Aid	4 021	3 948	4 121	30.0	173	4.4 *
Pension	6 278	6 163	6 574	47.9	411	6.7 *
UIF	8 008	8 026	8 249	60.1	223	2.8 *
Paid Leave	8 502	8 698	9 105	66.4	407	4.7 *
Sick Leave	9 075	9 304	9 773	71.2	469	5.0 *
Maternity/Paternity Leave	7 155	7 420	7 994	58.3	574	7.7 *
Union Membership	3 588	3 790	3 948	28.5	159	4.2
Usual Hours Per Week (All employed)						
1-19 hours	701	703	739	5.4	36	5.2
20-39 hours	1 712	1 730	1 739	12.7	9	0.5
40-44 hours	6 085	5 981	6 324	46.1	343	5.7 *
45-49 hours	3 800	3 675	3 740	27.3	66	1.8
50+ hours	3 325	3 427	3 519	25.6	93	2.7
Mean hours per week	43.3	43.4	43.3	n.a	-0.0	-0.1

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

Thus, the number of employees with maternity/paternity leave grew by 7.7 percent over the year, while the number with pension contributions increased by 6.7 percent. This indicates good progress in terms of the expansion of access to these benefits

On average, employees report usually working 43.3 hours per week in 2017Q2. This figure is virtually unchanged compared with the corresponding quarter in 2016. Almost half (46.1 percent) of employees report usually working between 40 and 44 hours per week, while a further 27.3 percent report working 45 to 49 hours. One-quarter of employees (25.6 percent) report working weeks in excess of 49 hours, while part-time employment (<20 hours per week) is rare.

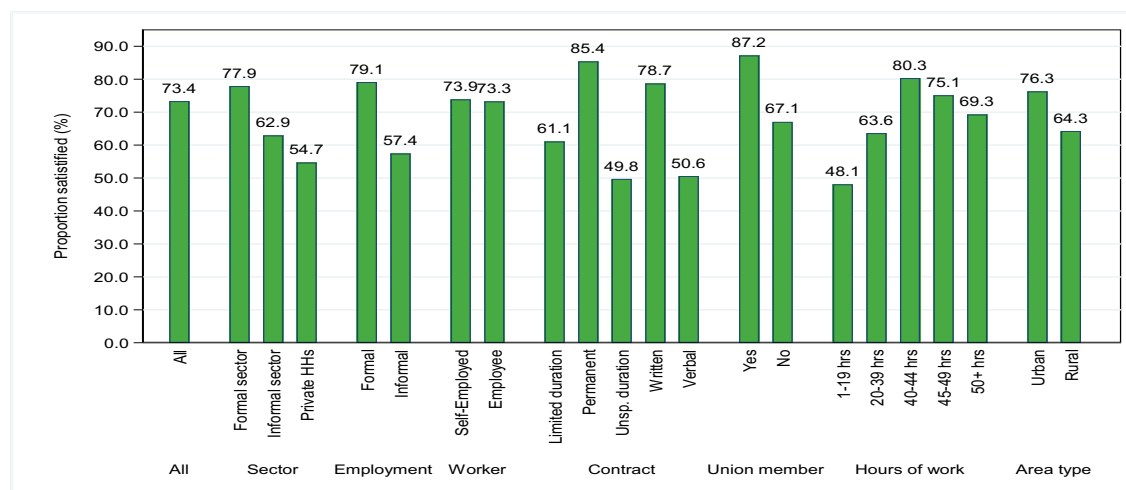
Figure 3 shows the share of the employed who report that they are satisfied with their jobs, disaggregated by sector, employment formality, contract type, union membership, hours worked, and location. Overall, 73.4 percent of the employed reported being satisfied in their main job. However, this figure obscures significant variation across different groups. For instance, the rate of job satisfaction was 77.9 percent in the formal sector, but 62.9 percent in the informal sector and just 54.7 percent amongst those working in private households. Likewise, the employed were more likely to report being satisfied with their jobs if they were formally employed (79.1 percent) than if they were not (57.4 percent).

There is also a correlation between characteristics of the employment contract and rates of job satisfaction. Amongst individuals with permanent contracts, 85.4 percent reported being satisfied in their jobs, while the

same was true for 78.7 percent of those with written contracts. In contrast, job satisfaction rates ranged between 50 and 60 percent for those with limited duration, unspecified duration or verbal contracts. Reported job satisfaction was higher for union members than for non-members (87.2 percent compared with 67.1 percent, respectively), and for urban dwellers than for rural dwellers (76.3 percent and 64.3 percent respectively).

Working relatively few hours appears in fact to be associated with lower levels of job satisfaction: just under half (48.1 percent) of those usually working fewer than 20 hours per week were satisfied in their jobs. This may be because these workers cannot find full-time jobs. The highest rates of job satisfaction were observed amongst those working 'standard' hours (i.e. 40-44 hours per week): 80.3 percent of this group reported being satisfied, while amongst those who worked slightly longer hours (45-49 hours per week) the rate was four percentage points lower at 75.1 percent. While a broad range of factors contribute to overall job satisfaction, these proportions provide some insight into the factors potentially influencing job satisfaction in South Africa.

Figure 3: Proportion of the Employed Satisfied in their Main Job, 2017Q2



Source: Own calculations, Statistics South Africa (2017).

UNEMPLOYMENT TRENDS

Table 10: Expanded Unemployment Rate Trends

	2015	2016	2017	Change ('16-'17)	
	Quarter 2 (Percent)	Quarter 2 (Percent)	Quarter 2 (Percent)	Absolute (P.points)	Relative (%)
Overall Unemployment Rate	34.8	36.3	36.6	0.3	0.8
By Race					
African	39.0	40.9	40.9	0.0	-0.1
Coloured	28.6	28.0	30.0	2.0	7.3
Asian	19.3	16.6	19.8	3.2	19.5
White	8.2	8.6	7.8	-0.7	-8.7
By Gender					
Male	31.1	32.8	33.3	0.4	1.4
Female	39.0	40.3	40.4	0.1	0.1
By Age Group					
15 to 24 year olds	63.1	66.3	67.4	1.2	1.8
25 to 34 year olds	39.4	41.0	41.5	0.5	1.2
35 to 44 year olds	26.4	28.5	28.4	-0.1	-0.5
45 to 54 year olds	21.7	21.6	22.4	0.8	3.7
55 to 65 year olds	15.2	16.6	16.4	-0.2	-0.9
By Educational Attainment					
Primary or less	36.5	37.2	39.9	2.7	7.4 †
Incomplete secondary	43.9	45.6	45.9	0.3	0.7
Complete secondary	33.3	35.0	35.0	0.0	0.0
Diploma or Certificate	20.5	21.3	21.8	0.5	2.2
Degree	8.7	9.7	10.2	0.5	5.4

Source: Own calculations, Statistics South Africa (2015, 2016, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. Education category numbers do not add up to 100 due to unspecified or no responses.

Table 10 presents expanded unemployment rates across a range of individual characteristics. In 2017Q2, the unemployment rate is estimated at 36.6 percent, 0.3 percentage points higher than 12 months earlier.

In 2017Q2, Africans have the highest unemployment rate amongst all racial groups, estimated at 40.9 percent and 4.3 percentage points above the national average. The unemployment rate for Coloureds of 30.0 percent is nearly ten percentage points higher than Asians (19.8 percent) and more than 20 percentage points higher than Whites (7.8 percent). Thus Africans and Coloureds are substantially more likely to be unemployed than Asians and Whites. Women tend to be at a disadvantage in the labour market as indicated by the unemployment rates: in 2017Q2, the unemployment rate for women (40.4 percent) was more than seven percentage points higher than for men (33.3 percent).

Youth between the ages of 15-34 years suffer particularly high unemployment rates. In 2017Q2, the unemployment rate amongst 15-24 year olds is estimated at 67.4 percent, which is almost double the national rate. Similarly, the unemployment rate amongst 25-34 year olds is 4.9 percent above the national average (41.5 percent). The unemployment rates for the prime working age cohorts are all below the overall unemployment rate, ranging between 16 and 29 percent. The unemployment rate for 35-44 year olds is estimated at 28.4 percent in 2017Q2, six percentage points higher than the rate for 45-54 year olds (22.4 percent) and 12 percentage points higher than for 55-65 year olds (16.4 >>>

percent).

Better-educated individuals are less likely to be unemployed than their less educated counterparts. In 2017Q2, the unemployment rate for degreed individuals was 10.2 percent, less than half the unemployment rate for diploma/certificate holders (21.8 percent) and less than one-third the rate for matriculants (35.0 percent). In contrast, the unemployment rate is highest for those with incomplete secondary education (45.9 percent), followed by those with primary education or less (39.9 percent). The only educational category that saw a statistically significant change in the unemployment rate was the group with the least education.

The number of unemployed individuals is estimated to have increased by 426 000 from 8.9 million in 2016Q2 to 9.3 million in 2017Q2. Table 11 decomposes this change in unemployment by demographic characteristics. The increase in unemployment was almost exclusively borne by Africans, who account for 80.2 percent of the change. Coloureds account for 17.2 percent of the increase in unemployment, although the increase was not statistically significant.

While women are more likely to be unemployed than men in South Africa, women also account for more than half of the increase in unemployment between 2016Q2 and 2017Q2. The number of unemployed women increased by a statistically significant margin over the period.

The bulk of the increase in unemployment over the 12 months to 2017Q2 is accounted for by the young-

est cohorts. Youth account for 58.6 percent of the increase in unemployment, with this figure split evenly between 15-24 year olds and 25-34 year olds.

More than three-fifths of the increase in unemployment is accounted for by those in the two lowest categories of educational attainment. Individuals with primary education or less account for 14.3 percent of the increase in unemployment between 2016Q2 and 2017Q2, while those with incomplete secondary account for 47.3 percent of the increase. Matriculants account for a further quarter of the increase, with the remainder accounted for by those with diplomas/certificates and those with degrees. However, unemployment numbers are not found to have changed by a statistically significant margin for any of the educationally-defined groups.

Table 11: Composition of Unemployment Change

Absolute Change	Thousands
Total Unemployment	426
Share of Change	Percent
By Race	
African	80.2 *
Coloured	17.2
Asian	6.9
White	-4.3
By Gender	
Male	46.7
Female	53.3 †
By Age Group	
15 to 24 year olds	29.1
25 to 34 year olds	29.5
35 to 44 year olds	18.1
45 to 54 year olds	19.6
55 to 65 year olds	3.7
By Educational Attainment	
Primary or less	14.3
Incomplete secondary	47.3
Complete secondary	25.2
Diploma or Certificate	7.9
Degree	8.9

Source: Own calculations, Statistics South Africa (2016, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

CONCLUSION

The South African working-age population has grown over the last 12-months, as has the labour force. While the number of jobs in the economy has increased, it was not sufficient to keep pace with the growing labour force and, as a result, unemployment has continued to rise.

Labour force participation has increased marginally between 2016Q2 and 2017Q2, with the expanded labour force participation rate rising from 66.4 percent to 67.9 percent. Despite this, prospects for substantial employment growth remain limited in the current weak economic environment.

Examining LFPR by demographic characteristics reveals it is lowest for Africans and women; however, participation rates for both of these groups increased robustly from a year earlier. The LFPR displays an inverted U-shaped relationship for age and educational attainment.

The conditions in non-urban areas of the South African labour market remain a concern. In 2017Q2, the unemployment rate in non-urban areas is 14.7 percentage points higher than unemployment rate in urban areas. This indicates the lack of economic opportunities in non-urban areas.

Employment growth over the period has resulted in 542 000 more jobs from 12-months earlier. Africans,

women, the prime-working age population and those with degree education experienced the strongest employment gains. However, those with primary education or less shed jobs over the period. This indicates a continuation of the trend of increasing skills-intensity within the South African labour market.

Over the past year, the tertiary sector's labour demand expanded rapidly, particularly in the financial and business services industry. South African employment is dominated by the formal non-agricultural sector. However, employment in the informal non-agricultural sector increased rapidly over the period.

A bias towards more highly skilled workers in the labour market is evidenced by individuals in high-skilled occupations enjoying the strongest employment growth by a large margin.

Job quality appears to have improved over the period. The number of employees with permanent contracts, written contracts, and other benefits (e.g. access to medical aid, pension, UIF) increased sharply from 12-months earlier, suggesting a reduction in worker vulnerability.

In general, South African employees report being satisfied with their main job. In 2017Q2, nearly three-quarters of the employed were satisfied with their jobs. However, formal sector workers, those with permanent contracts, union members and urban workers were more likely to be satisfied with their current job than their relevant counterparts. Those who work

standard working hours tend to be satisfied with their work compared to those who are under- or over working.

Groups with the highest unemployment rates overall are Africans, women, youth and those with incomplete secondary education or primary education or less. Over the past year, those with primary education or less experienced the most rapid increase in unemployment rates (by 7.4 percent). Better-educated individuals are less likely to be unemployed.

Despite government efforts to reduce unemployment, the state of youth unemployment has worsened over the last 12-months with more than two-thirds of 15-24 year olds unemployed.

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APPENDIX

Table 12: Labour Market Aggregates

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2008Q1	14.463	[14.284; 14.642]	6.457	[6.330; 6.585]	30.9	[30.334; 31.399]
2008Q2	14.616	[14.433; 14.800]	6.116	[5.993; 6.239]	29.5	[28.972; 30.025]
2008Q3	14.574	[14.391; 14.757]	6.097	[5.972; 6.222]	29.5	[28.963; 30.030]
2008Q4	14.797	[14.614; 14.981]	5.949	[5.825; 6.072]	28.7	[28.147; 29.201]
2009Q1	14.644	[14.461; 14.827]	6.374	[6.244; 6.504]	30.3	[29.789; 30.866]
2009Q2	14.386	[14.199; 14.574]	6.680	[6.544; 6.816]	31.7	[31.151; 32.268]
2009Q3	13.853	[13.661; 14.044]	7.072	[6.931; 7.214]	33.8	[33.215; 34.382]
2009Q4	13.994	[13.798; 14.189]	7.059	[6.918; 7.201]	33.5	[32.948; 34.115]
2010Q1	13.831	[13.635; 14.027]	7.392	[7.247; 7.537]	34.8	[34.242; 35.419]
2010Q2	13.844	[13.645; 14.044]	7.510	[7.363; 7.657]	35.2	[34.572; 35.764]
2010Q3	13.679	[13.478; 13.880]	7.723	[7.569; 7.877]	36.1	[35.471; 36.700]
2010Q4	13.926	[13.718; 14.134]	7.562	[7.408; 7.716]	35.2	[34.575; 35.809]
2011Q1	13.927	[13.719; 14.136]	7.784	[7.627; 7.941]	35.9	[35.231; 36.472]
2011Q2	13.943	[13.732; 14.154]	7.923	[7.760; 8.086]	36.2	[35.601; 36.868]
2011Q3	14.142	[13.941; 14.342]	7.761	[7.608; 7.915]	35.4	[34.837; 36.031]
2011Q4	14.360	[14.160; 14.560]	7.643	[7.490; 7.796]	34.7	[34.143; 35.328]
2012Q1	14.308	[14.104; 14.512]	8.028	[7.871; 8.185]	35.9	[35.343; 36.540]
2012Q2	14.359	[14.151; 14.566]	7.925	[7.770; 8.081]	35.6	[34.968; 36.163]
2012Q3	14.594	[14.383; 14.805]	8.044	[7.889; 8.200]	35.5	[34.942; 36.127]
2012Q4	14.552	[14.338; 14.766]	7.870	[7.716; 8.025]	35.1	[34.503; 35.697]
2013Q1	14.580	[14.368; 14.793]	8.236	[8.074; 8.398]	36.1	[35.492; 36.702]
2013Q2	14.718	[14.508; 14.927]	8.292	[8.133; 8.451]	36.0	[35.445; 36.629]
2013Q3	15.073	[14.856; 15.290]	8.076	[7.918; 8.235]	34.9	[34.296; 35.481]
2013Q4	15.206	[14.989; 15.424]	7.808	[7.653; 7.964]	33.9	[33.339; 34.515]
2014Q1	15.084	[14.865; 15.303]	8.162	[8.004; 8.321]	35.1	[34.522; 35.703]
2014Q2	15.122	[14.898; 15.346]	8.334	[8.168; 8.499]	35.5	[34.922; 36.138]

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2014Q3	15.157	[14.934; 15.379]	8.439	[8.271; 8.608]	35.8	[35.155; 36.376]
2014Q4	15.363	[15.138; 15.589]	8.098	[7.927; 8.268]	34.5	[33.894; 35.136]
2015Q1	15.498	[15.299; 15.697]	8.739	[8.579; 8.899]	36.1	[35.496; 36.615]
2015Q2	15.685	[15.485; 15.886]	8.380	[8.221; 8.538]	34.8	[34.260; 35.380]
2015Q3	15.876	[15.673; 16.080]	8.309	[8.151; 8.468]	34.4	[33.796; 34.916]
2015Q4	16.056	[15.849; 16.262]	8.191	[8.029; 8.353]	33.8	[33.212; 34.352]
2016Q1	15.700	[15.492; 15.908]	8.929	[8.757; 9.100]	36.3	[35.670; 36.837]
2016Q2	15.585	[15.374; 15.796]	8.883	[8.712; 9.055]	36.3	[35.715; 36.895]
2016Q3	15.872	[15.663; 16.082]	9.022	[8.853; 9.192]	36.2	[35.666; 36.818]
2016Q4	16.103	[15.892; 16.314]	8.907	[8.738; 9.075]	35.6	[35.041; 36.185]
2017Q1	16.238	[16.027; 16.450]	9.303	[9.129; 9.476]	36.4	[35.851; 36.995]
2017Q2	16.127	[15.915; 16.338]	9.309	[9.135; 9.483]	36.6	[36.015; 37.180]

Source: Own calculations, Statistics South Africa (various years).

Notes: 1. Figures in square brackets are the 95 percent confidence intervals.